

Evolution of the Construction Financial Manager

Dennis Stejskal

Director, Construction Strategy,
Construction & Real Estate Division, NA



PFF PRO FOOTBALL FOCUS

EVERY GAME. EVERY PLAYER. EVERY PLAY.

By Position By Player Signature Stats Fantasy Articles How We Grade

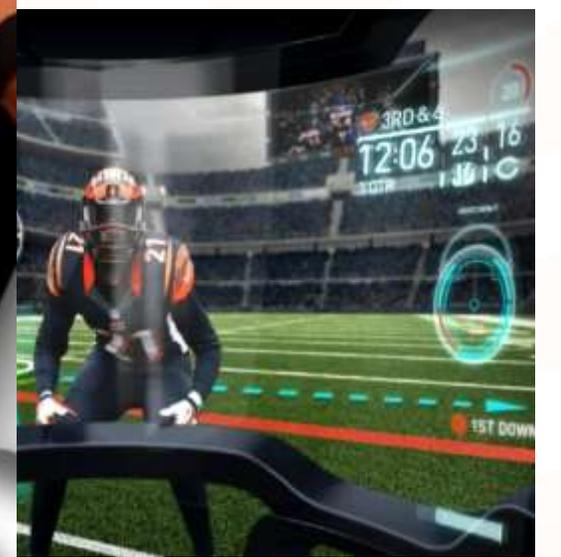
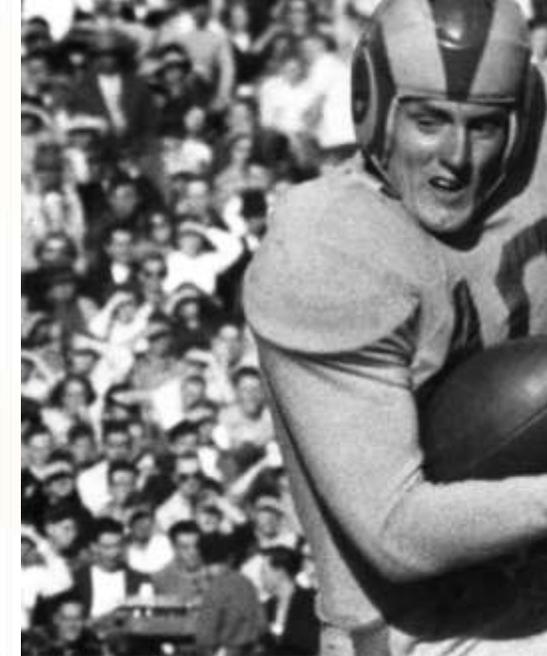
Off: WR T G C TE QB HB FB 4-3D: DE OLB 3-4D: DE OLB DT/NT ILB K P KR

P4 P5 01 02 03 04 05 06 07 08 09 10 11 12 13 14 WC DP

 Snaps Year Team

Defensive Ends Summary

		Ratings										
	Team	Snaps	Overall	Rush	Cov.	Run	Pen.	# of Pen	QB Sk	QB H		
	HST	1069	107.5	91.9	-0.5	17.8	-1.7	6-0	21	4		
	son	NYJ	835	39.9	24.7	0.5	19.2	-4.5				
	erson	NYJ	739	33.7	11.5	3.5	19.2	-0.5	4-0			
	ARZ	800	31.1	11.3	1.5	16.6	1.7	1-0				
	PHI	962	30.5	9.6	2.0	18.9	0.0	4-0				
	rd	PIT	876	24.6	17.4	3.5	3.1	0.6				
	TEN	931	21.2	21.2	0.5	1.5						
	GB	696	18.8	10.8	-0.5	9.4	-0.5					
	BLT	546	18.4	9.3	1.5							
	WAS	518	17.1	18.3	0.5							
	SF	715	16.6	2.1	1.0	13.7						
	SF	713	15.2	6.4	-0.5							
	NE	766	10.4	-7.0	0.0							
	BLT	312	8.9	4.5	0.0							
	TEN	394	7.2	-3.5	-1.0							
	PHI	397	6.0	10.6	-1.0							
	ARZ	726	5.7	3.8	2.0	1.1						
	IND	757	3.7	8.5	2.0	-3.2						
	SD	303	3.4	2.6	0.0	0.8						
	PHI	663	3.3	-5.6	-0.5	11.3						
	ARZ	450	2.7	-1.3	0.0	2.6	1.4	0-0	5		12 2	
	GB	323	2.4	7.8	0.5	-7.1	1.2	0-0	2		17 4	
	NYJ	322	2.3	-3.3	0.0	4.7	0.9	0-0	3	2	18 5	
	TEN	338	1.9	4.1	0.5	-1.7	-1.0	2-0	2	0	9	
	SD	798	1.1	2.7	1.0	-2.4	-0.2	4-0	5	9	24 41 7	
	cois	IND	647	0.4	-2.8	3.0	0.1	0.1	2-0	3	3	16 21 4
	IND	271	0.1	-2.7	0.5	1.7	0.6	1-1	3	0	3	1 9 4 0 8
	HST	726	-0.6	3.0	3.5	-7.5	0.4	2-0	4	9	14	5 32 16 2 25
	PIT	451	-0.6	2.9	0.5	-4.5	0.5	1-1	1	6	13	4 12 5 2 9



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By Position | By Player | Signature Stats | Fantasy

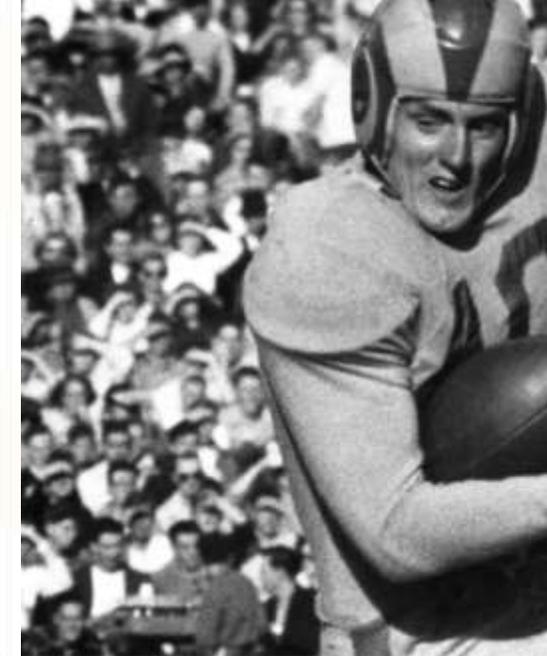
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P4 P5 01 02 03 04 05 06

Apply

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	ARZ	800	31.1	11.3	1.5	16
	PHI	962	30.5	9.6	2.0	18
rd	PIT	876	24.6	17.4	3.5	3
	TEN	931	21.2	21.2	0.5	1
	GB	696	18.8	10.8	-0.5	9
	BLT	546	18.4	9.3	1.5	8
	WAS	518	17.1	18.3	0.5	8
	SF	715	16.6	2.1	1.0	13
	SF	713	15.2	6.4	-0.5	13
	NE	766	10.4	-7.0	0.0	13
	BLT	312	8.9	4.5	0.0	13
	TEN	394	7.2	-3.5	-1.0	13
	PHI	397	6.0	10.6	-1.0	13
	ARZ	726	5.7	3.8	2.0	1
	IND	757	3.7	8.5	2.0	1
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About me

- 40+ Years of Construction Technology Experience
- 7 generations of Timberline / Sage Construction Technology
- Industry Association Participant (ABC, AGC, CFMA, CPC)

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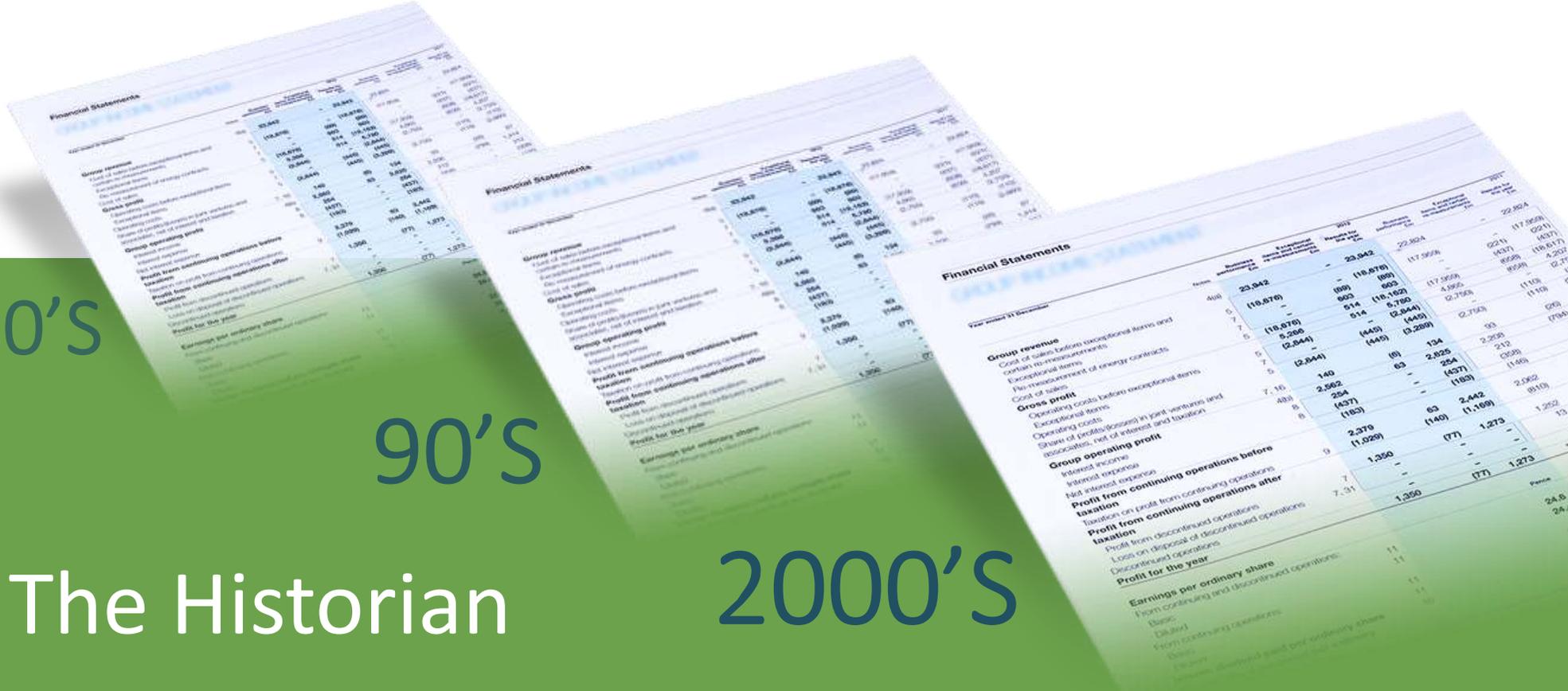
A person in a white shirt is pointing at a tablet screen. The background is blurred, showing other people in a meeting. A blue semi-transparent box is overlaid on the left side of the image, containing white text.

The Data-Driven Finance Leader



Finance
Leadership

➔ 1.0



80's

90's

2000's

The Historian

Sage

Finance
Leadership

➤ 2.0



The Business Analyst

The 4 Things Finance Leaders Need to Have to be Data-Driven

1



Timely and Detailed data capture from the field

2



Automated financial operations

3



Multi-dimensional analysis of key results

4



Synchronized data with other systems in real-time



Timely Data

More Data can lead to better guidance

Job	Total Labor Cost
22-045	\$150,000
22-046	\$150,000



Timely Data

More Data can lead to better guidance

Job	Estimated Labor Cost	Total Labor Cost	% Spent
22-045	\$250,000	\$150,000	60%
22-046	\$225,000	\$150,000	67%



Timely Data

More Data can lead to better guidance

Job	Estimated Labor Cost	Total Labor Cost	% Spent	Field % Complete	Variance
22-045	\$250,000	\$150,000	60%	65%	12,500
22-046	\$225,000	\$150,000	67%	65%	-3,750

Timely Data

More Data can lead to better guidance

Job	Cost Code	Estimated Labor Cost	Total Labor Cost	Expected Cost (65%)	Variance
22-045	Forming	20,000	18,000	13,000	-5,000
	Rebar	70,000	45,500	45,500	0
	Pour	120,000	75,000	78,000	3,000
	Finish	15,000	11,500	9,750	-1,750
		\$225,000	\$150,000	\$145,250	-3,750

Timely Data

More Data can lead to better guidance

Cost Code	Estimated Labor Cost	Total Labor Cost	Field % Complete	Expected Cost (65%)	Variance
Forming	20,000	18,000	100%	20,000	2,000
Rebar	<p>What if you had hours and production units?</p>				0
Pour					-15,000
Finish					-6,500
	\$225,000	\$150,000		\$145,250	-19,500

Financial Automation More Analysis and Strategy Time

Financial Ratios View 07/31/2020 GC--Timberline Gene Clear + Settings Print

Profit Margin 31.61% <small>this month</small> 👍 <small>+3.38 vs. prior month</small>	Operating Margin 31.61% <small>this month</small> 👍 <small>+4.28 vs. prior month</small>	EBIT \$337K <small>this month</small> 👍 <small>+\$148,457 vs. prior month</small>	EBITDA \$337K <small>this month</small> 👍 <small>+\$148,457 vs. prior month</small>	Quick Ratio 2.36 <small>this month</small> ⬇️ <small>-0.18 vs. prior month</small>	Current Ratio 2.36 <small>this month</small> ⬇️ <small>-0.18 vs. prior month</small>
Debt Ratio 0.00 <small>this month</small> <small>no change vs. prior month</small>	Debt to Equity Ratio 0.00 <small>this month</small> <small>no change vs. prior month</small>	Equity Ratio 0.58 <small>this month</small> 🚩 <small>-0.03 vs. prior month</small>	Liabilities to Assets 0.42 <small>this month</small> 🚩 <small>+0.03 vs. prior month</small>	Working Capital \$5,918K <small>this month</small> 👍 <small>+\$337,917 vs. prior month</small>	

Profit and Loss - 12 Month History 🔍 ⚙️ 🗑️

09/21/2022 13:23:22

	Month Ending 07/31/2020	Month Ending 06/30/2020	Month Ending 05/31/2020	Month Ending 04/30/2020	Month Ending 03/31/2020	Month Ending 02/29/2020	Month Ending 01/31/2020	Month Ending 12/31/2019	Month Ending 11/30/2019	Month Ending 10/31/2019	Month Ending 09/30/2019	Month Ending 08/31/2019
Revenue												
Revenue - Sales	1,069,117.20	671,160.00	171,966.19	76,520.00	2,076,773.47	992,878.85	209,423.19	0.00	0.00	0.00	0.00	0.00
Total Revenue	1,069,117.20	671,160.00	171,966.19	76,520.00	2,076,773.47	992,878.85	209,423.19	0.00	0.00	0.00	0.00	0.00
Cost of Revenue												
Cost of Sales Revenue	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost of Goods Sold	731,200.00	487,700.00	433,200.00	24,218.00	1,532,199.04	745,680.00	180,000.00	0.00	0.00	0.00	0.00	0.00
Total Cost of Revenue	731,200.00	487,700.00	434,200.00	24,218.00	1,532,199.04	745,680.00	180,000.00	0.00	0.00	0.00	0.00	0.00
Gross Profit	337,917.20	183,460.00	(262,233.81)	52,302.00	544,574.43	247,198.85	29,423.19	0.00	0.00	0.00	0.00	0.00
Operating Expenses												
General and Administrative Expenses	0.00	0.00	0.00	0.00	1,299.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payroll and Related Expenses	0.00	0.00	1,117.00	(2,640.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities and Facilities	0.00	0.00	1,000.00	20,000.00	11,500.00	4,400.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	0.00	0.00	2,117.00	17,360.00	12,799.00	4,400.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Income (Expense)												
Other Expenses	0.00	6,000.00	30.00	120.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Income (Expense)	0.00	6,000.00	30.00	120.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income (Loss)	\$337,917.20	\$189,460.00	\$(264,320.81)	\$35,062.00	\$531,775.43	\$242,798.85	\$29,423.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Financial Automation More Analysis and Strategy Time

CFMA's 2022 Construction Financial Benchmark Executive Summary



<https://cfma.org/articles/cfmas-2-22-construction-financial-benchmark-executive-summary>

CFMA's 2022 Construction Financial Benchmark Executive Summary

**Key Ratios
Detail**

	Revenue Volume						
	All Companies	Under \$10 Million	\$10 to \$25 Million	\$25 to \$50 Million	\$50 to \$100 Million	\$100 to \$300 Million	Over \$300 Million
All Shown as Medians except Inventory Days							
LIQUIDITY RATIOS							
Current Ratio	1.8	2.6	2.1	1.8	1.5	1.4	1.3
Quick Ratio	1.5	2.3	1.8	1.5	1.4	1.3	1.2
Days of Cash	28.1	32.8	25.4	28.5	25.2	30.5	28.3
Working Capital Turnover	6.6	4.3	5.4	6.8	9.4	10.6	14.3
PROFITABILITY RATIOS							
Return on Assets	14.7%	14.1%	16.2%	18.7%	14.7%	12.3%	8.4%
Return on Equity	36.1%	30.1%	32.5%	40.1%	40.2%	41.3%	34.3%
Times Interest Earned	50.8	25.4	46.1	59.9	53.6	73.1	69.9
LEVERAGE RATIOS							
Debt to Equity	1.2	0.7	0.9	1.2	1.6	2.2	2.9
Revenue to Equity	5.0	3.8	4.2	5.0	6.8	8.2	11.3
Asset Turnover	2.3	2.1	2.2	2.4	2.5	2.5	2.7
Fixed Asset Ratio	21.9%	24.0%	22.6%	21.1%	22.8%	21.7%	16.9%
Equity to SG&A Expenses	1.9	1.7	1.9	2.1	2.0	2.3	1.7
Underbillings to Equity	8.8%	5.1%	9.2%	8.8%	9.4%	13.3%	10.1%
Average Backlog to Equity	5.0	2.6	2.9	4.3	6.2	6.4	10.9
EFFICIENCY RATIOS							
Backlog to Working Capital	6.3	2.4	2.9	5.9	9.6	8.7	14.3
Months in Backlog	9.2	7.1	7.6	9.5	9.1	9.7	12.8
Days in Accounts Receivable	57.7	57.5	59.2	56.6	55.0	59.2	57.6
Days in Inventory	5.2	6.6	6.2	6.7	2.8	2.8	2.3
Days in Accounts Payable	33.0	22.1	29.9	34.8	37.6	42.8	44.5
Operating Cycle	56.9	70.7	64.8	57.3	45.9	44.8	37.5
SALES PERFORMANCE							
Sales Growth	4.5%	-0.5%	2.9%	4.4%	7.4%	10.4%	10.4%

The numbers can tell you where you are most successful

Project Profitability (in USD)

	Warehouse Warehouse Inception To Date 12/31/2020 Actual	Hotels Hotels Inception To Date 12/31/2020 Actual	GC Projects GC Projects Inception To Date 12/31/2020 All Projects
▼ Project_Profit_Margin			
▼ Project Revenue			
4000 - Revenue	5,388,535.01	789,840.69	6,178,375.70
Total Project Revenue	5,388,535.01	789,840.69	6,178,375.70
▼ Project Cost			
5001 - Cost of Sales - Direct Labor	70,644.60	43,584.00	114,228.60
5002 - Cost of Sales - Subcontract	4,407,368.00	511,261.00	4,918,629.00
5003 - Cost of Sales - Materials	148,274.59	3,599.00	151,873.59
5004 - Cost of Sales - Equipment	3,100.00	0.00	3,100.00
5005 - Cost of Sales - Other	5,300.00	15,343.40	20,643.40
5006 - Cost of Sales - Overhead	11,303.84	2,760.98	14,064.82
1702 - Closing Costs	1,692,345.00	0.00	1,692,345.00
Total Project Cost	6,338,336.03	576,548.38	6,914,884.41
Total Project_Profit_Margin	(949,801.02)	213,292.31	(736,508.71)
► Project Profit Margin %	13.78 %	27.00 %	15.47 %

What can we learn from our best PM's?

Timberline General Construction - WIP By Project Manager

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Project Overview (in USD)

	Contract Price	Estimated Costs	Estimated Gross Profit	Revenue To Be Recognized	Current Costs to Date	Total Costs To-Date	Total Revenue Billed	Revenue Adjustment	Percent Complete	Percent Billed	Estimated Profit Margin %	Actual Profit Margin %	Actual Gross Margin
▼ GC Project Managers													
▼ Project Manager - Dennis Sanford													
20-001 - LaQuinta - Houston Construction	1,434,830	3,435,378	(2,000,548)	179,602.00	0	430,017	540,205	360,603.00	12.52 %	37.65 %	(139.43) %	26.13 %	540,205
20-003 - Fullerton Warehouse - San Antonio	3,516,339	2,982,148	534,191	543,318.00	0	460,779	425,288	(118,029.00)	15.45 %	12.09 %	15.19 %	(2.87) %	425,288
20-005 - LaQuinta - Austin	1,650,056	1,441,883	208,173	479,464.00	0	418,974	687,701	208,236.00	29.06 %	41.68 %	12.62 %	43.20 %	687,701
20-008 - Plano County Court House	3,467,008	3,250,862	216,146	106,649.00	50,000	100,000	0	(106,649.00)	3.08 %	0.00 %	6.23 %	0.00 %	0
20-009 - Oklahoma City Courthouse	0	15	(15)	0.00	0	0	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0
Total Project Manager - Dennis Sanford	10,068,233	11,110,286	(1,042,053)	1,277,545.00	50,000	1,409,770	1,653,194	375,649.00	12.69 %	16.42 %	(10.35) %	19.72 %	1,653,194
▼ Project Manager - Greg Lovett													
20-004 - Fullerton Warehouse - Dallas	3,181,070	3,277,207	(96,137)	730,129.00	0	752,195	924,749	194,619.00	22.95 %	29.07 %	(3.02) %	21.13 %	924,749
20-006 - LaQuinta - Dallas	162,828	129,377	33,451	48,354.00	0	38,419	62,720	14,367.00	29.70 %	38.52 %	20.54 %	84.48 %	62,720
20-010 - Fullerton Warehouse - McKinney	0	2,173,190	(2,173,190)	0.00	0	0	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0
Total Project Manager - Greg Lovett	3,343,898	5,579,774	(2,235,876)	473,807.00	0	790,614	987,469	513,662.00	14.17 %	29.53 %	(66.86) %	25.15 %	987,469



Timberline General Construction - Project Profitability by Customer

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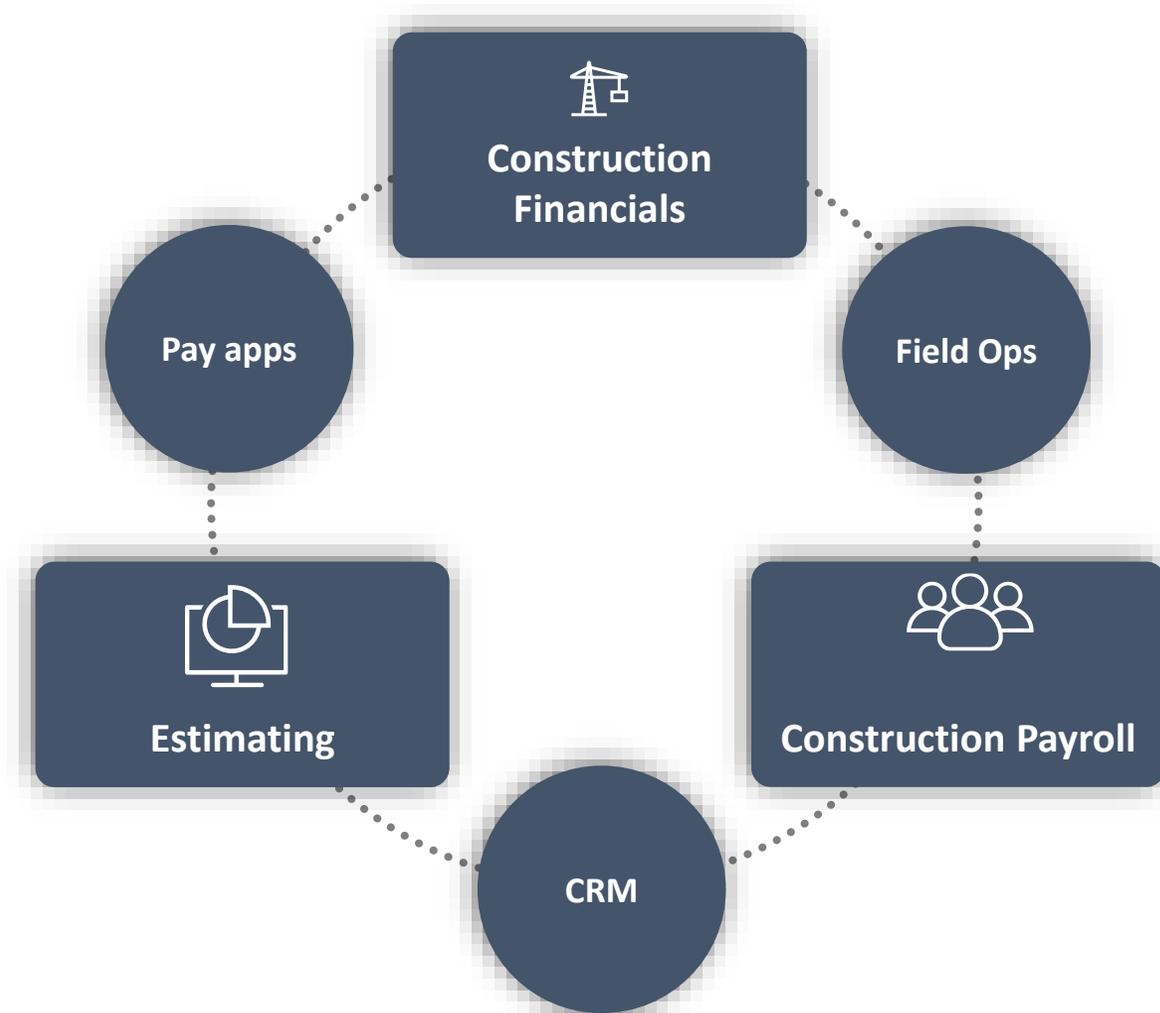

Project Profitability (in USD)

	Claremont Inception To Date 08/31/2020 Actual	Bill Rickey Holdings Inception To Date 08/31/2020 Actual	Fullerton Lumber Inception To Date 08/31/2020 Actual	No Customer Inception To Date 08/31/2020 Actual	All Customers Inception To Date 08/31/2020 Actual
▼ Project_Profit_Margin					
▼ Project Revenue					
4000 - Revenue	0.00	1,290,625.79	4,789,973.11	0.00	6,080,598.90
Total Project Revenue	0.00	1,290,625.79	4,789,973.11	0.00	6,080,598.90
▼ Project Cost					
5001 - Cost of Sales - Direct Labor	0.00	73,037.00	68,978.00	500.00	142,515.00
5002 - Cost of Sales - Subcontract	42,000.00	612,760.00	1,871,600.00	1,817,726.00	4,344,086.00
5003 - Cost of Sales - Materials	0.00	100.00	142,719.04	500.00	143,319.04
5004 - Cost of Sales - Equipment	0.00	6,000.00	0.00	900.00	6,900.00
5005 - Cost of Sales - Other	0.00	2,660.00	2,100.00	21,000.00	25,760.00
5006 - Cost of Sales - Overhead	0.00	5,328.16	11,303.84	0.00	16,632.00
Total Project Cost	42,000.00	699,885.16	2,096,700.88	1,840,626.00	4,679,212.04
Total Project_Profit_Margin	(42,000.00)	590,740.63	2,693,272.23	(1,840,626.00)	1,401,386.86
▶ Project Profit Margin %	0.00 %	45.77 %	56.23 %	0.00 %	23.05 %

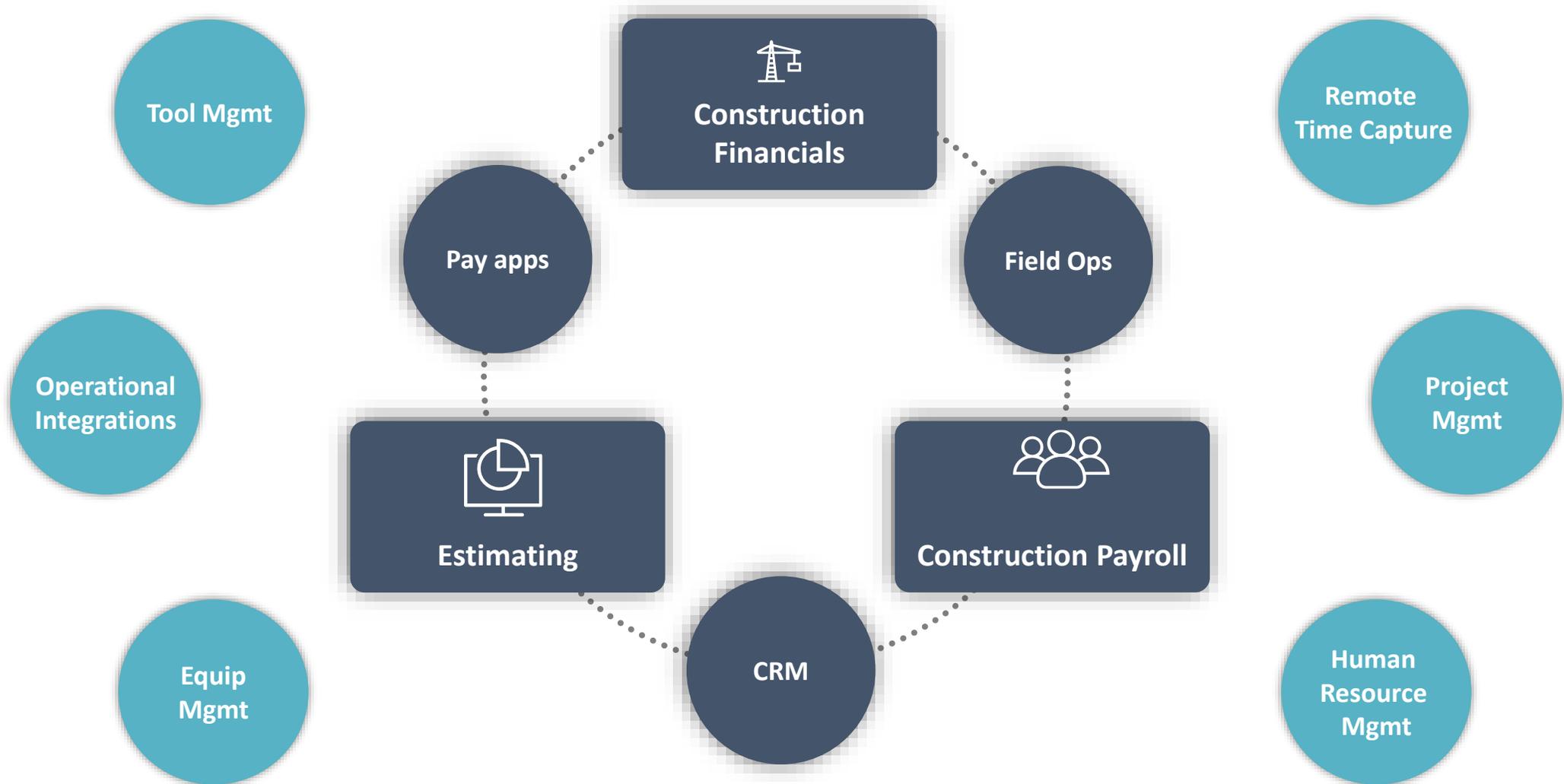
Do you
have
favorite
customers?



Construction Technology - Complete Solution



Construction Technology - Complete Solution



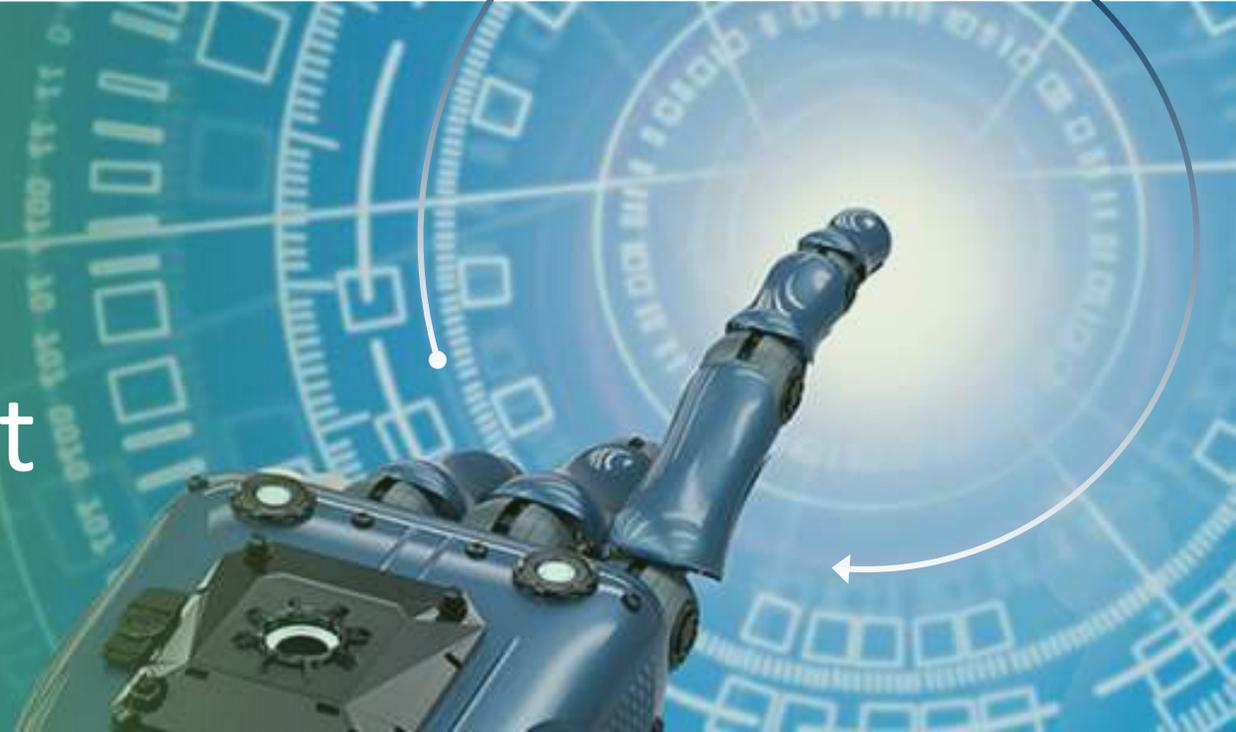
Sage

Finance
Leadership

➤ 3.0



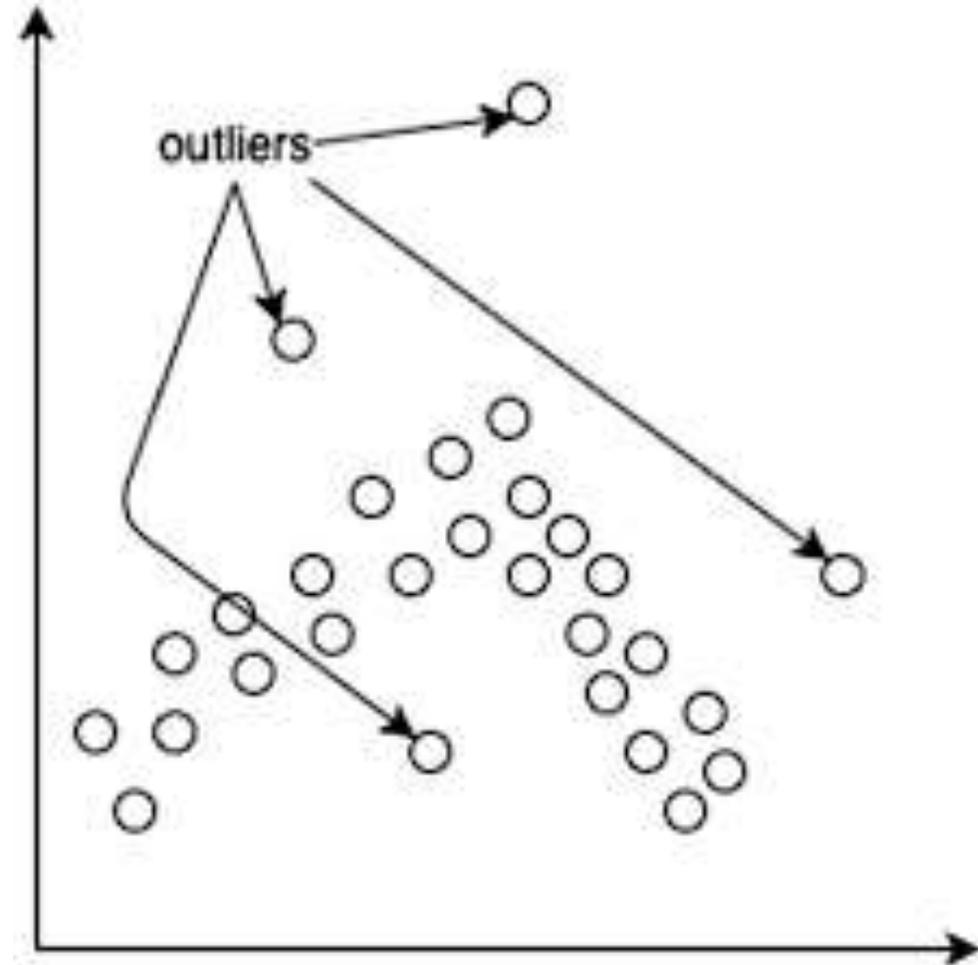
The Data Strategist



Machine Learning in Finance

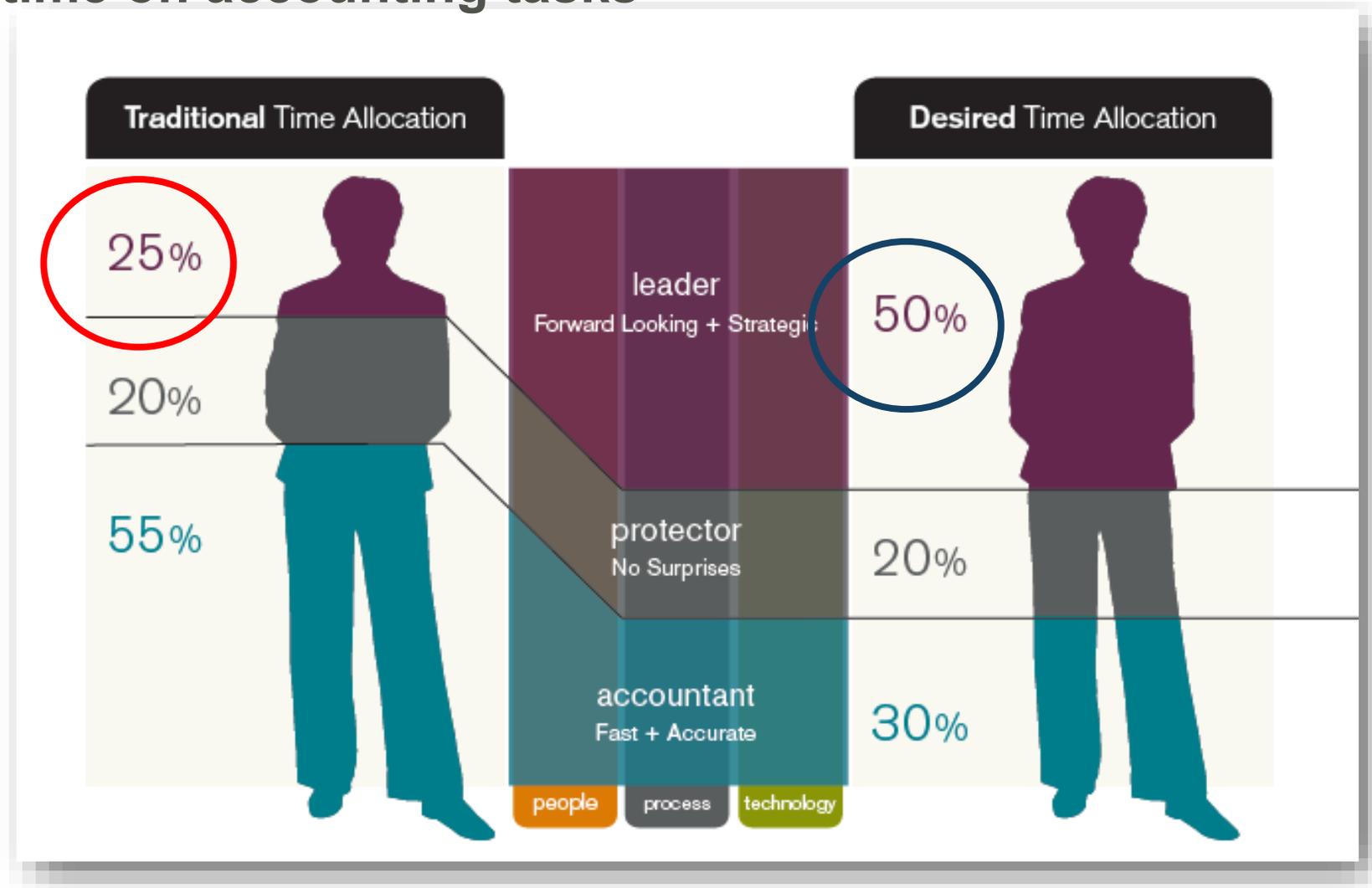
GL and AP Outlier Detection

- Improved Efficiency
- Increased Accuracy
- Reduced Reconciliation
- More time for Strategy



CFOs Want to Spend More Time on Strategic Activities

...and less time on accounting tasks



Source: Armanino LLP, CFO Evolution 2.0, The Path to the Transformational CFO (October 2017)





CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION



CERTIFIED
CONSTRUCTION
INDUSTRY FINANCIAL
PROFESSIONAL

A DIVISION OF CFMA



AGC

THE CONSTRUCTION
ASSOCIATION

August 22-24 | Chicago

ITCON '23

Questions

Thank You

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